# IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS HOUSTON DIVISION

| IN RE: WATSON GRINDING & MANUFACTURING CO., Debtor.  | S<br>S<br>S<br>S | CASE NO. 20-30967<br>(Chapter 11) |
|--|------------------|-----------------------------------|
| NATIONWIDE GENERAL INSURANCE COMPANY, NATIONWIDE PROPERTY & CASUALTY INSURANCE COMPANY, NATIONWIDE LLOYDS INSURANCE COMPANY, SCOTTSDALE INSURANCE COMPANY, NATIONWIDE INSURANCE COMPANY OF AMERICA, NATIONWIDE MUTUAL INSURANCE COMPANY, AND ALLIED PROPERTY & CASUALTY INSURANCE COMPANY, Plaintiffs, |                  | ADVERSARY NO                      |
| WATSON VALVE SERVICES, INC., WATSON GRINDING AND MANUFACTURING CO., KMHJ, LTD., KMHJ MANAGEMENT COMPANY, LLC, WESTERN INTERNATIONAL GAS & CYLINDERS, INC., AND MATHESON TRI-GAS, INC.,   |                  |                                   |

### **NOTICE OF REMOVAL**

Defendants.

Watson Grinding & Manufacturing Co. (the "Debtor") files this Notice of Removal of the state court action styled Nationvide General Insurance Company, Nationvide Property & Casualty Insurance

Company, Nationwide Lloyds Insurance Company, Scottsdale Insurance Company, Nationwide Insurance Company of America, Nationwide Mutual Insurance Company, and Allied Property & Casualty Insurance Company vs. Watson Valve Services, Inc., Watson Grinding and Manufacturing Co., KMHJ, Ltd., KMHJ Management Company, LLC, Western International Gas & Cylinders, Inc., and Matheson Tri-Gas, Inc., Cause No. 2020-37778, pending in the 165<sup>th</sup> Judicial District Court of Harris County, Texas (the "State Court Action").

### I. <u>Procedural Background and Nature of Suit</u>

- 1. On June 24, 2020, Nationwide General Insurance Company, Nationwide Property & Casualty Insurance Company, Nationwide Lloyds Insurance Company, Scottsdale Insurance Company, Nationwide Insurance Company of America, Nationwide Mutual Insurance Company, and Allied Property & Casualty Insurance Company (collectively, the "Plaintiffs") filed an Original Petition (the "Original Petition") against Watson Valve Services, Inc., Watson Grinding and Manufacturing Co., KMHJ, Ltd., KMHJ Management Company, LLC, Western International Gas & Cylinders, Inc., and Matheson Tri-Gas, Inc. (collectively, the "Defendants"). In their Original Petition, the Plaintiffs assert claims of negligence (on behalf of the listed Insureds) against the Defendants.
- 2. On February 6, 2020 (the "Petition Date"), the Debtor filed its Voluntary Petition under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"), commencing the bankruptcy case captioned *In re Watson Grinding & Manufacturing Co.*, Case No. 20-30967, pending in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the "Chapter 11 Bankruptcy Case").

#### II. <u>Basis for Removal</u>

3. This Notice of Removal is filed pursuant to 28 U.S.C. § 1452, Bankruptcy Rule 9027, and Local Bankruptcy Rules 9027-1, 9027-2, 9027-3, and the *General Order of Reference* entered by the District Court of this District on March 10, 2005.

- 4. The State Court Action was initiated after the commencement of the Chapter 11 Case. This Notice of Removal has been timely filed pursuant to Bankruptcy Rule 9027(a)(2). *In re R.E. Loans, LLC*, No. 11-35865, 2012 WL 3262767, at \*2 (Bankr. S.D. Tex. Aug. 8, 2012).
  - 5. Venue in this Court is proper pursuant to 28 U.S.C. § 1409.
- 6. Cases subject to jurisdiction are removable under the authority of 28 U.S.C. § 1452(a) ("A party may remove any claim or cause of action...to the district court for the district where such civil action is pending, if such district court has jurisdiction of such claim or cause of action under section 1334 of this title"). The State Court Action, including all claims and causes of action asserted therein, is a civil action other than a proceeding before the United States Tax Court. The State Court Action is not a civil action by a government unit to enforce such government unit's police or regulatory power.
- 7. This Court has jurisdiction over this case pursuant to 28 U.S.C. § 1334(b) (federal district courts have "original jurisdiction of all civil proceedings...arising in or related to cases under title 11"). The State Court Action "arises in" or, alternatively, is "related to" a Title 11 case, *i.e.* the Debtor's Chapter 11 Bankruptcy Case. In this circuit, "related to" proceedings include any case whose outcome "could *conceivably* have any effect on the administration of the estate." *In re Wood*, 825 F.2d 90, 93 (5th Cir. 1987) (emphasis added); *In re Baudoin*, 981 F.2d 736, 740 (5th Cir. 1993).
- 8. The resolution of this State Court Action will have a direct impact on the bankruptcy estate of the Debtor. The State Court Action is related to the Debtor's Chapter 11 Bankruptcy Case because the outcome of State Court Action could conceivably change the Debtor's rights, liabilities, or options in a way that would have an effect upon the handling and administration of the bankruptcy estate.

9. Thus, the claims asserted in the State Court Action are claims that arise in or are otherwise related to the Debtor's Chapter 11 Case pursuant to 28 U.S.C. § 1334(b), and removal to this Court is proper pursuant to 28 U.S.C. § 1452(a).

### III. Core or Non-Core Bankruptcy Jurisdiction

- 10. This action involves the administration of the Debtor's estate and is a proceeding affecting the adjustment of the debtor-creditor relationship; it is, therefore, a core proceeding under 28 U.S.C. § 157(b)(2)(A)(B)(C) and (O). The claims and causes of action in the State Court Action have a clear and direct impact on the interests and property of the Debtor's estate under 11 U.S.C. § 541.
- 11. Upon removal of the State Court Action, the Debtor consents to the entry of final orders or judgment by the bankruptcy judge.

### IV. Parties and Notice

- 12. Pursuant to 28 U.S.C. § 1452(a), Federal Bankruptcy Rule 9027(b), and Local Rule 9027-1, all adverse parties are being provided with a copy of this Notice of Removal and a copy of this Notice of Removal is being filed with the clerk of the 165<sup>th</sup> Judicial District Court of Harris County, Texas.
- 13. In accordance with Local Rule 9027-1(a), the names and addresses of the parties and counsel in the State Court Action, who have or will be served with the notice, are as follows:

The Law Office of James A. Lawrence Jeffery Ryan Cagle 105 Decker Court, Suite 150 Irving, Texas 75062

#### **ATTORNEYS FOR PLAINTIFFS**

### V. Process and Pleadings

14. Pursuant to Bankruptcy Rule 9027(a)(1) and Local Bankruptcy Rule 9027-1(b), true and correct copies of all process and pleadings filed in the State Court Action (as set forth in the attached Exhibit "A") have been provided to this Court.

15. In the State Court Action, citations were issued on June 26, 2020, on all the Defendants. No return of citations has been filed.

16. In accordance with Bankruptcy Rule 9027(c), the Debtor will promptly file a notice of the filing of this Notice of Removal in the State Court Action.

WHEREFORE, the Debtor notifies the United States Bankruptcy Court for the Southern District of Texas, Houston Division, that the State Court Action is hereby removed in its entirety to this Court pursuant to 28 U.S.C. § 1452(a) and Bankruptcy Rule 9027.

Dated: June 29, 2020.

Respectfully submitted,

JONES MURRAY & BEATTY, LLP

By: /s/ Ruth Van Meter
Erin E. Jones
Texas Bar No. 24032478
Ruth Van Meter
Texas Bar No. 20661570
4119 Montrose Blvd, Suite 230
Houston, Texas 77006
Phone: 832-529-1999

Fax: 832-529-5513 erin@jmbllp.com ruth@jmbllp.com

PROPOSED SPECIAL COUNSEL FOR JANET S. NORTHRUP, CHAPTER 11 TRUSTEE OF WATSON GRINDING & MANUFACTURING CO.

#### AND

### HUGHESWATTERSASKANASE, LLP

By: /s/ Wayne Kitchens
Wayne Kitchens
Texas Bar No. 11541110
Heather McIntyre
Texas State Bar No. 24041076
Total Plaza
1201 Louisiana, 28th Floor
Houston, Texas 77002
Telephone: (713) 759-0818
Facsimile: (713) 759-6834
wkitchens@hwa.com
hmcintyre@hwa.com

PROPOSED COUNSEL FOR JANET S.
NORTHRUP, CHAPTER 11 TRUSTEE OF
WATSON GRINDING & MANUFACTURING
CO.

AND

#### McCOY LEAVITT LASKEY LLC

By: /s/ Michael I. Ramirez
Michael I. Ramirez
Texas Bar No. 24008604
20726 Stone Oak Parkway, Suite 116
San Antonio, TX 78258
Telephone (210) 446-2828
Fax (262) 522-7020
mramirez@mlllaw.com

COUNSEL FOR WATSON GRINDING & MANUFACTURING CO.

### **CERTIFICATE OF SERVICE**

I certify that on June 29, 2020, a true and correct copy of the foregoing Notice was served via ECF/PACER to all parties registered to receive such service and on June 30, 2020, via first class mail (without attachments) to the following:

The Law Office of James A. Lawrence Jeffery Ryan Cagle 105 Decker Court, Suite 150 Irving, Texas 75062

**ATTORNEYS FOR PLAINTIFFS** 

/s/ Ruth Van Meter
Ruth Van Meter

### **EXHIBIT A**

### 2020-37778

COURT: 165th

165

**FILED DATE:** 6/24/2020

CASE TYPE: OTHER CIVIL



### NATIONWIDE GENERAL INSURANCE COMPANY

Attorney: CAGLE, JEFFREY RYAN

VS.

### WATSON VALVE SERVICES INC

|      | Docket Sheet Entries |
|------|----------------------|
| Date | Comment              |

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HARRIS COUNTY, TEXAS

6/24/2020 12:12 PM Marilyn Burgess - District Clerk Harris County Envelope No. 43998159 By: Carolina Salgado Filed: 6/24/2020 12:12 PM

| CAUSE NUMBER                  | k:        |                       |
|-------------------------------|-----------|-----------------------|
| NATIONWIDE GENERAL            | §         | IN THE DISTRICT COURT |
| INSURANCE COMPANY,            |           |                       |
| NATIONWIDE PROPERTY &         | <i>\$</i> |                       |
| CASUALTY INSURANCE COMPANY,   | §         |                       |
| NATIONWIDE LLOYDS INSURANCE   | §         |                       |
| COMPANY, SCOTTSDALE           | §         |                       |
| INSURANCE COMPANY,            | §         |                       |
| NATIONWIDE INSURANCE          | §         |                       |
| COMPANY OF AMERICA,           | §         |                       |
| NATIONWIDE MUTUAL             | §         |                       |
| INSURANCE COMPANY, AND        | §         |                       |
| ALLIED PROPERTY & CASUALTY    | ***       |                       |
| INSURANCE COMPANY             | §         |                       |
| Plaintiffs,                   | §         |                       |
| V.                            | §         | JUDICIAL DISTRICT     |
|                               | §         |                       |
| WATSON VALVE SERVICES, INC.,  | §         |                       |
| WATSON GRINDING AND           | §         |                       |
| MANUFACTURING CO., KMHJ, LTD, | §         |                       |
| KMHJ MANAGEMENT COMPANY,      | §         |                       |
| LLC, WESTERN INTERNATIONAL    | §<br>§    |                       |
| GAS & CYLINDERS, INC. AND     | Š         |                       |

### **PLAINTIFFS' ORIGINAL PETITION**

§ §

COMES NOW, Plaintiffs, Nationwide General Insurance Company, Nationwide Property & Casualty Insurance Company, Nationwide Lloyds Insurance Company, Scottsdale Insurance Company, Nationwide Insurance Company of America, Nationwide Mutual Insurance Company, and Allied Property & Casualty Insurance Company (hereinafter referred to as "Plaintiffs" or "Insurers") complaining of defendants, Watson Valve Services, Inc., Watson Grinding and Manufacturing Co., KMHJ, LTD, KMHJ Management Company, LLC, Western International Gas & Cylinders, Inc. and Matheson Tri-Gas, Inc. and in support of their causes of action shall show unto this Court as follows:

MATHESON TRI-GAS, INC.

Defendants.

### I. DISCOVERY CONTROL PLAN

1. Plaintiffs request that this matter be governed under a Level 3 discovery control plan and the Court enter a docket control order for this matter.

# II. PARTIES

### A. <u>Introductory Statement</u>

2. Plaintiffs are insurance companies that, at all times relevant thereto, provided insurance policies that insured, among other things, real and personal property damage in the January 24, 2020 explosion at defendants Watson Valve Services, Inc's and Watson Grinding and Manufacturing Co.'s facility (the "Facility") located at 4525 Gesner Road, Houston, Texas. A majority of the Plaintiffs named in this petition insured multiple properties that sustained damages as a result of the explosion. As such, Plaintiffs have listed each first-part claim submitted as a result of the explosion.

### B. <u>Plaintiffs</u>

3. Nationwide General Insurance Company, is an insurance company that, at all times relevant thereto, provided a policy of insurance that insured, among other things, the real and personal property located at the following loss locations with the associated named insured as listed in the policy:

| NO. | Insured's Name                   | Loss Location          | Claim Amount |
|-----|----------------------------------|------------------------|--------------|
| 1.  | Javier Martinez                  | 10263 Sunwood Drive,   |              |
|     | Javier Martinez                  | Houston, Tx 77041      | \$134,607.46 |
| 2.  | Ctorrow Titlery & Imagles Thomas | 10606 Brookshire Lane, |              |
|     | Steven Titley & Imelda Ibarra    | Houston, Tx 77041      | \$9,309.43   |
| 3.  | Manager & Aug Essenille          | 10415 Rockcrest Rd,    |              |
|     | Moyseys & Ana Escamilla          | Houston, Tx 77041      | \$10,302.70  |

| 4. |                          | 10314 Bell Gardens    |             |
|----|--------------------------|-----------------------|-------------|
|    | Jean Rice                | Drive, Houston, Tx    |             |
|    |                          | 77041                 | \$40,849.13 |
| 5. | Carlos & Alma Romero     | 10627 Rockcrest Road, |             |
|    | Carros & Affila Rofflero | Houston, Tx 77041     | \$7,100.00  |
| 6. | Vothern Olson            | 10302 Ivy Oaks Ln,    |             |
|    | Kathryn Olson            | Houston, Tx 77041     | \$20,625.42 |
| 7. | Chun McPherson           | 10710 Rockcrest Road, |             |
|    | Chun wichherson          | Houston, Tx 77041     | \$8,716.04  |

b. Nationwide Property & Casualty Insurance Company, is an insurance company that, at all times relevant hereto, provided a policy of insurance that insured, among other things, the real and personal property located at the following loss locations with the associated named insured as listed in the policy:

| NO. | Insured's Name               | Loss Location          | Claim Amount |
|-----|------------------------------|------------------------|--------------|
|     |                              |                        |              |
| 1.  | Joseph Boyd                  | 4520 Stanford Court,   |              |
|     | Јозерп Воуц                  | Houston, Tx 77041      | \$303,624.50 |
| 2.  |                              | 10255 Valleywood       |              |
|     | Mark & Nola Jensen           | Drive, Houston, Tx     |              |
|     |                              | 77041                  | \$245,901.93 |
| 3.  | John & Datricia Bradley      | 3051 Teague Road,      |              |
|     | John & Patricia Bradley      | Houston, Tx 77080      | \$2,126.96   |
| 4.  | Cesar Cortez                 | 4934 Talina Way,       |              |
|     | Cesar Cortez                 | Houston, Tx 77041      | \$12,593.73  |
| 5.  | Eropoisoo & Mongopito Aviala | 4914 Shadowdale Drive, |              |
|     | Francisco & Margarita Ayala  | Houston, Tx 77041      | \$15,454.92  |
| 6.  | Elsa Silva & Juan Silva-     | 4926 Shadowdale Dr,    |              |
|     | Ledezma                      | Houston, Tx 77041-7875 | \$5,175.54   |
| 7.  | Marvala & Dalia Caman        | 10319 Rockcrest Drive, |              |
|     | Mayola & Delia Ceron         | Houston, Tx 77041-8834 | \$111,500.84 |
| 8.  | Cladra Davida & Humbarta     | 10606 Heatherford      |              |
|     | Gladys Reyes & Humberto      | Drive, Houston, Tx     |              |
|     | Sotomayor                    | 77041                  | \$24,500.00  |

c. Nationwide Lloyds Insurance Company, is an insurance company that, at all times relevant hereto, provided a policy of insurance that insured, among other things, the real and

personal property located at the following loss locations with the associated named insured as listed in the policy:

| NO. | Insured's Name          | Loss Location          | Claim Amount |
|-----|-------------------------|------------------------|--------------|
|     |                         |                        |              |
| 1.  | Elizabeth Salazar       | 10510 Ivy Oaks Lane,   |              |
|     | Elizabeth Salazai       | Houston, Tx 77041      | \$9,693.79   |
| 2.  | Mahaan & Kathlaan Daah: | 4702 Shadowdale Drive, |              |
|     | Mohsen & Kathleen Roohi | Houston, Tx 77041      | \$20,941.57  |
| 3.  | Loss & Maria Outage     | 4509 Hollow Hook Road, |              |
|     | Jose & Maria Ortega     | Houston, Tx 77041      | \$8,855.71   |
| 4.  |                         | 10252 Cottage Field    |              |
|     | Adrienne Ramirez        | Road, Houston, Tx      |              |
|     |                         | 77041                  | \$118,456.84 |

d. Scottsdale Insurance Company, is an insurance company that, at all times relevant hereto, provided a policy of insurance that insured, among other things, the real and personal property located at the following loss locations with the associated named insured as listed in the policy:

| NO. | Insured's Name             | Loss Location        | Claim Amount |
|-----|----------------------------|----------------------|--------------|
| 1.  | Maria Ortega               | 10426 Rockcrest Rd,  |              |
|     | Ivialia Oftega             | Houston, Tx 77041    | \$12,085.18  |
| 2.  | Guadaluna Sanahaz          | 10623 Rockcrest Rd,  |              |
|     | Guadalupe Sanchez          | Houston, Tx 77041    | \$11,095.54  |
| 3.  | Mariela and Leonel Garcia  | 4607 Laureldale Rd,  |              |
|     | Marieia and Leonei Garcia  | Houston, Tx 77041    | \$8,908.39   |
| 4.  | Jose Ramirez               | 10423 Clear Cove Ln, |              |
|     | Jose Kanniez               | Houston, Tx 77041    | \$16,855.73  |
| 5.  | MSO Seals & Gasket Inc DBA | 4710 Steffani Ln,    |              |
|     | Metric Standard Odd Etal   | Houston, Tx 77041    | \$150,000.00 |
| 6.  | M Vogel Sons LLC Susan     | 3030 Teague Road,    |              |
|     | W voger Sons LLC Susan     | Houston, Tx 77080    | \$2,398.13   |

e. Nationwide Insurance Company of America, is a foreign insurance company that, at all times relevant hereto, provided a policy of insurance that insured, among other things, the

real and personal property located at the following loss locations with the associated named insured as listed in the policy:

| NO. | Insured's Name            | Loss Location           | Claim Amount |
|-----|---------------------------|-------------------------|--------------|
|     |                           |                         |              |
| 1.  | Jose & Maricela Calderon  | 10342 Lone Brook Drive, |              |
|     | Jose & Ivianceia Caideion | Houston, Tx 77041       | \$57,617.42  |
| 2.  |                           | 4918 E. Laureldale      |              |
|     | Cynthia Gloyna            | Drive, Houston, Tx      |              |
|     |                           | 77041                   | \$1,834.40   |

f. Nationwide Mutual Insurance Company, is a foreign insurance company that, at all times relevant hereto, provided a policy of insurance that insured, among other things, the real and personal property located at the following loss locations with the associated named insured as listed in the policy:

| NO. | Insured's Name              | Loss Location                            | Claim Amount |
|-----|-----------------------------|--|--------------|
| 1.  | Sean Gambini & Juan Montoya | 9919 Hornpipe Lane,<br>Houston, Tx 77080 | \$25,000.00  |

g. Allied Property & Casualty Insurance Company, is a foreign insurance company that, at all times relevant hereto, provided a policy of insurance that insured, among other things, the real and personal property located at the following loss locations with the associated named insured as listed in the policy:

| NO. | Insured's Name                          | Loss Location                           | Claim Amount |
|-----|---|---|--------------|
| 1.  | Third Coast Environmental Services Inc. | 5042 Gessner Road,<br>Houston, Tx 77041 | \$2,619.12   |

### C. <u>Defendants</u>

4. Defendant Watson Valve Services, Inc. ("WV") is a domestic corporation that maintains its principal place of business at 4525 Gessner Road, Houston, Texas 77041. WV may be served

with citation and a copy of Plaintiff's Original Petition by serving its registered agent, to wit: <u>John M. Warson</u>, 4525 Gessner Road, Houston, Texas 77041 or wherever he may be found.

- Defendant Watson Grinding and Manufacturing Co. ("WGM") is a domestic corporation, company or organization that maintains its principal place of business at 4525 Gessner Road, Houston, Texas 77041. WGM may be served with citation and a copy of Plaintiffs' Original Petition by serving its registered agent to wit: <u>John M. Watson</u>, 4525 Gessner Road, Houston, Texas 77041 or wherever he may be found.
- 6. Defendant KMHJ, Ltd is a domestic limited partnership doing business in the state of Texas. KMHJ, Ltd. May be served with citation and a copy of Plaintiff's Original Petition by serving its registered agent, to wit: <a href="KMHJ Management Company">KMHJ Management Company</a>, LLC, 1400 McKinney Street, Suite 1212 Houston, Texas 77010.
- 7. Defendant KMHJ Management Company, LLC is a domestic liability company doing business in the State of Texas. KMHJ Management Company, LLC may be served with citation and a copy of Plaintiffs' Original Petition by serving its registered agent, to wit: Kelly Lee Watson, 1400 McKinney Street, Suite 1212 Houston, Texas 77010 or wherever she may be found.
- 8. Defendant Western International Gas & Cylinders, Inc. ("Western Gas") is a domestic corporation doing business in the State of Texas. Western Gas may be served with citation and Plaintiffs' Original Petition by serving its registered agent, to wit: <u>Denise C. Haugen, 7173 Highway 159 E., Bellville, Texas 77418 or wherever she may be found.</u>
- 9. Defendant Matheson Tri-Gas, Inc. ("Matheson") is a foreign corporation doing business in the State of Texas. Matheson may be served with citation and a copy of Plaintiffs' Original Petition by serving its registered agent, to wit: <u>CT Corporation</u>, 1999 Bryan Street, Ste 900, Dallas, Texas 75201.

### III. JURISDICTION AND VENUE

- 10. The Court has subject-matter jurisdiction over this dispute because the aggregate amount in controversy for each plaintiff exceeds the Court's minimum jurisdictional limits.
- 11. The Court has personal jurisdiction over all defendants because they are domestic corporations, partnerships and/or business organizations or, alternatively, they are foreign corporations, partnerships and/or business organizations that maintained sufficient contacts in and with Texas to satisfy traditional notions of fair play and substantial justice.
- 12. Venue is proper in this Court because all or substantially all of the acts and/or omissions giving rise to Plaintiffs' claims occurred in Harris County, Texas.

### IV. <u>BRIEF STATEMENT OF FACTS</u>

- On or about Friday, January 24, 2020, at approximately 4:25 a.m., a massive explosion occurred at a manufacturing plant located at 4525 Gessner, Houston, Texas 77041 (the "Facility"). The Facility consisted of several buildings spread over approximately 4 acres.
- 14. Upon information and belief, WV and WGM were tenants that operated several manufacturing processes at the Facility. WV was primarily engaged in the business of manufacturing industrial valves for the mining business. WGM was primarily engaged in other manufacturing processes and maintenance on oil field and mining equipment.
- 15. The property and improvements attached thereon at the Facility were owned, operated, maintained and supervised by defendants KMHJ, Ltd. And KMHJ Management Company.
- 16. The epicenter of the explosion was centered at a building commonly referred to as the "coatings building." The coatings building housed several cells or bays with each bay containing

a robotic arm. The robotic arm ignited propylene to heat the coatings material before being applied to the valves.

- Propylene is a highly flammable gas with an extremely low "lower explosive limit" that 17. makes using the gas extremely dangerous. The facility was equipped with a 2,000 gallon propylene tank that was located on the south side of the property. WV and/or WGM used a system or highpressure piping and valves to move the propylene from the storage tank to the coatings building. Upon information and belief, the valves for the propylene high-pressure piping were left in the open (flow) position the night before the explosion rather than being closer per WV's and/or WGM's end-of-shift shutdown procedures.
- Western Gas and/or Matheson were responsible for selling, delivering and loading the 18. propylene to the 2,000 gallon storage tank. Upon information and belief, Western Gas and/or Matheson also monitored the gas levels inside the storage tank and received notification when there was a low level of propylene inside the storage tank.
- The explosion was caused by propylene leak at or inside the coatings building, upon 19. information and belief, propylene leaked into the coatings building overnight and was ignited after an employee entered the building shortly before the explosion.
- 20. It was reported that the blast was heard and felt for over 30 miles. Sadly, the explosion killed several people and injured many other residents living around the Facility. The explosion damaged hundreds of homes, commercial buildings and other structures.
- 21. Plaintiffs are property insurers that insured homes and commercial buildings that were damaged by the explosion. After the explosion, Plaintiffs' insureds submitted first-party claims for the damages caused by the explosion. Most Plaintiffs insured several properties that were damaged by the explosion and received multiple first-party claims. The first-party claims have been adjusted

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to continue to be adjusted and Plaintiffs' have paid to or on behalf of their insureds money to repair the damages. Plaintiffs' insurance policies provide that, upon payment of a covered loss, that the insureds' rights and causes of action against any responsible party are transferred to Plaintiffs. Thus, after making payments for a covered loss, Plaintiffs are contractually subrogated to the rights of their insureds.

22. Alternatively, Plaintiffs satisfied a debt (property damage) that was owed to its insureds by third-parties. Upon satisfaction of that debt, Plaintiffs are equitably subrogated to the rights and causes of action of their insureds.

V.

#### **CAUSES OF ACTION**

- A. Count One: Negligence of WV and WGM
- 23. WV and WGM; their employees, agents and servants owed Plaintiffs the same duty of care that a reasonably prudent owner and operator of an industrial valve manufacturing and maintenance company that maintained and stored extremely dangerous propylene would owe to neighboring property owners. WV and WGM breached their duty of care in one ow more of the following manners:
  - a. Failing to properly inspect and maintain the propylene piping, when such inspections and maintenance would have corrected and repaired any leaks;
  - b. Failing to have an adequate leak detection system for the 2,000 gallon propylene tank that would have alerted employees and the surrounding residents about the existence of a propylene leak;
  - c. Failing to employ appropriate and safe shutdown procedure, where such procedures would have stopped the flow of propylene during non-working hours;

- d. Failing to adequately and properly repair any pre-existing leaks;
- e. Failing to properly inspect and maintain the coatings robots and all associated propylene piping located inside the coatings building-including piping segments that experienced a history of leaks-when such inspections and maintenance would have prevented leaks from occurring;
- f. Failing to have a properly operating lower explosive limit detection system that would have detected the leaking propylene; and
- g. Other acts of negligence that will be more fully identified during the course of discovery.
- 24. Each of the foregoing acts and/or admissions, whether taken singularly or in any combination, constituted a breach of WV's and WGM's duty of care. WV's and WGM's breach was a proximate cause of Plaintiffs' damages.

### B. County Two: Negligence of KMHJ, Ltd. And KMHJ Management Company

25. Defendants KMHJ, Ltd, and KMGJ Management Company (collectively referred to here as "KMHJ" owed Plaintiffs the same duty of care as a reasonably prudent owner of an industrial property that used, stored and maintained a highly combustible gas such as propylene would owe to neighboring property owners. Upon information and belief, KMHJ knew or should have known that its tenants (WV and WGM) were operating a propylene gas piping system that was in poor condition, had sustained several leaks and had an inoperative low explosive limit detection system. KMHJ's failure to act as a reasonably prudent property owner was a proximate cause of Plaintiffs' damages.

### C. Count Three: Negligence of Western Gas Matheson

- 26. Defendants Western Gas and Matheson (collectively referred to here as "Western Gas") owed Plaintiffs the same duty of care that a reasonably prudent propylene retailer and supplier would owe to neighboring property owners nearby premises it serviced. Western Gas breached its duty of care in one or more of the following manners:
  - a. Failing to properly monitor the propylene storage tank at the Facility;
  - b. Continuing to supply propylene gas to WV and/or WGM when it knew or should have known that the propylene piping system was unsafe and had experienced leaks;
  - c. Continuing to supply propylene gas to WV and/or WGM when it knew or should have known that the propylene system was not equipped with a lower explosive limit leak detection system with a functioning auditory alarm;
  - d. Continuing to supply propylene gas to WV and/or WGM when it knew or should have known that the coatings building was not compliant with the National Electric Code and/or the National Fuel Gas Code for buildings that use flammable gases and liquids; and
  - e. Other acts of negligence that will be more fully identified and described during the course of discovery.
- 27. Each of the foregoing acts and/or omissions, whether taken singularly or in any combination, constituted a breach of Western Gas's duty of care. Western Gas's breach of care was a proximate cause of Plaintiffs' damages.

### VI. **DAMAGES**

- 28. As a direct and proximate result of the foregoing acts and/or omissions, Plaintiffs sustained damages for:
  - a. Costs to repair structural damages to home sand commercial properties;
  - b. Costs to repair or replace personal property;
  - c. Additional expenses and living expenses that were incurred while any property was uninhabitable;
  - d. Lost revenue;
  - e. Costs of court; and
  - f. Pre- and post-judgment interest.

### VII. NOTICE UNDER TEXAS RULE OF CIVIL PROCEDURE 193.7

29. Pursuant to Texas Rule of Civil Procedure 193.7, Defendants are notified that any documents produced in response to written discovery will be used in pretrial proceedings and trial and will be deemed authentic unless Defendants make a valid objection to authenticity.

# VIII. RULE 194 REQUEST FOR DISCLOSURE

30. Pursuant to Texas Rule of Civil Procedure 194.1, et swq., Defendants are requested to provide the information and material described in Texas Rule of Civil Procedure 194.2 within 50 days of service of Plaintiffs' Original Petition.

### IX. JURY DEMAND

31. Plaintiffs request trial by jury and have tendered the appropriate jury fee.

### X. PRAYER

FORSE THESE REASONS, Plaintiffs request that citation be issued and Defendants be made to appear herein and, after a jury trial of the merits, that a final judgment be entered in favor of Plaintiffs against Defendants, jointly and severally, for Plaintiffs' actual damages, costs of court, prejudgment interest and post-judgment interest and for all other relief for which Plaintiffs may be justly entitled to.

Respectfully submitted,

THE LAW OFFICE OF JAMES A. LAWRENCE

JEFVREY RYAN CAGLE

State Bar Number: 2400367

Irving, Texas 75062-2211

(972) 650-8048 (Telephone)

(972) 536-7304 (Direct)

(855) 717-5349 (Facsimile)

caglei5@nationwide.com

ATTORNEY FOR PLAINTIFF



I, Marilyn Burgess, District Clerk of Harris County, Texas certify that this is a true and correct copy of the original record filed and or recorded in my office, electronically or hard copy, as it appears on this date.

Witness my official hand and seal of office this June 26, 2020

Certified Document Number: 91058373 Total Pages: 13

Marilyn Burgess, DISTRICT CLERK

HARRIS COUNTY, TEXAS

### Case 20-03235 Diopumental I Filodina TX Sever 06/29/20

PaMarityn Burgess - District Clerk Harris County

|  | Harris County   |
|--|---|
| Cause Number (for clerk use only):                             | COURT (FOR CLERK ESE OEnvelope No: 43998159             |
|  | By: SALGADO, CAROLINA                                   |
| ຮາງເຂດ Nationwide General Insurance Company et al v. Watson Va | alve Services, Inc. et al. Filed: 6/24/2020 12:12:47 Pr |

(e.g. John Smith v. All American Insurance Co. In re Mary Ann Iones, In the Matter of the Entire of George Incison)

A civil case information sheet must be completed and submitted when an original petition or application is filled to initiate a new civil, family law, probate, or mental health case or when a post-judgment petition for modification or motion for enforcement is filled in a family law case. The information should be the best available at the time of films.

| 1. Contact information for perso   | s completing case information sheet:                             | Names of parties in a                       | ase:   | Person or                               | entity completing sheet is:                                      |  |
|--|--|---|--|---|--|--|
|  |  | Distant (No. ) David Same                   | i X  |   | Automey for Plaintiff Petitioner     Pro Se Plaintiff Petitioner |  |
| Name:  |  |   |  | CTitle IV-0                             | Agency   |  |
| Jeffrey R. Cagle   | Caglej5@nationwide.com   |   | Nationwide General Insurance                             |   |  |  |
| Address  | Telephone  | Company, et al.                             |  | \                                       |  |  |
| 105 Decker Court, Ste 150  | (972) 650-8048   |   |  | Additional Pa                           | arties in Child Support Case:                                    |  |
|  |  | Defendant(s)/Respond                        | lent(x):   | Custodial Par                           | rent.  |  |
| City/State/Zip:  | Fax  |   | Watson Valve Services, Inc. et al                        |   |  |  |
| Irving, TX 75062   | (855) 717-5349   |   |  | Non-Custodii                            | al Parent  |  |
|  | British NY & No.   | `   |  |   |  |  |
| Signature:   | State Bar No.  |   |  | Presumed Fa                             | dhere:   |  |
| /s/ Jeffrey R. Cagle   | 24003676   | * Pariose interest and an air               | [Attach additional page as necessary to his all parties] |   |  |  |
| 3 Brillian ta cura trona ar islautiki  | the most important issue in the case (se                         | anamanana ana ana ana ana ana ana ana an    | ennimentalismentalisment                                 |   |  |  |
|  | Civil  |   | 3  | Family                                  | Law  |  |
|  |  |   |  |   | Post-judgment Actions  |  |
| Contract Debt/Contract   | Injury or Danuage  | Real Property Eminem Domain:                | Marriage Rela  |   | (non-Title IV-D)  [Inforcement                                   |  |
| ☐Consumer/DTPA   | Construction   | Condemnation                                | Declare Mam  | age Void                                | Modification—Custody   |  |
| ☐Debt/Contract<br>☐Fraud/Misrepresentation   |  | Factition<br>Quiet Title                    | Divorce  With Child                                      |   | Modification—Other   |  |
| Other Debt Contract:   | DAccounting D  | Frespass to Try Title                       | No Childre   | · · · · · · · · · · · · · · · · · · ·   | Title IV-D Enforcement/Modification                              |  |
| Foreclosure  | □Legal □<br>□Medical   | Other Property:                             |  |   | Paternity  |  |
| ☐Home Equity—Expedited   | Other Professional   |   |  |   | □Rociprocals (UIFSA)<br>□Support Onder                           |  |
| ☐Other Foreclosure<br>☐Franchise   | Liability  | Related to Criminal                         |  |   |  |  |
| Basurance  | Motor Vehicle Assident   | Mutters                                     | Other Famil  |   | Parent-Child Relationship  |  |
| ☐ Landford Tenans ☐ Non-Competition  |  | Expunction<br>Judgment Nisi                 | ☐Enforce Forei Judgment                                  | gn                                      | Adoption/Adoption with Termination                               |  |
| Pannership   | Asbestos/Silica U  | Non-Disclosure                              | Habeas Corps   | es i                                    | Child Protection   |  |
| Other Contract:  |  | Seizuro Forfeiture<br>Writ of Habeas Corpus | Name Change<br>Protective Or                             | Nav                                     | □Child Support<br>□Custody or Visitation                         |  |
|  |  | Pre-indictment                              | Removal of E   |   | ☐Gestational Parenting   |  |
|  | Mother Injury or Damage: □                                       | Other                                       | of Minority  |   | ☐Grandparent Access<br>☐Parentage/Paternity                      |  |
|  | <u> </u>   |   |  |   | Termination of Parental  |  |
| Employment   | Other Civil  |   |  |   | Rights  Other Parent-Child:                                      |  |
| Discrimination Retaliation   | ☐ Administrative Appeal ☐ ☐ Antimistrative Appeal ☐ ☐            | Lawyer Discipline<br>Perpetuate Testimony   |  |   | Washington and American  |  |
| [ Termination  | Competition  | Securities/Stock                            |  |   |  |  |
| ☐ Workers' Compensation<br>☐ Other Employment:   | Code Violations Foreign Judgment                                 | Fortious Interference                       | •  |   |  |  |
| Thomas carbackment   | Untellectual Property  | (Aher                                       |  |   |  |  |
|  | <u></u>  |   | <u> </u>   |   |  |  |
| Tax  [Tax Appraisal]   | Probate & Mental Health  |   |  |   |  |  |
| Tax Definquency  | Probate/Wills/Intestate Administration  Dependent Administration |   | ]Guardianship — Adah<br>]Guardianship — Minar            |   |  |  |
| Other Tax  | ☐Independent Administration                                      |   | Mental Health  |   |  |  |
|  | Other Estate Proceedings   | i.  | ]Other:  |   |  |  |
| 3. Indicate procedure or remedy  | , if applicable (may celect more than 1):                        |   |  | *************************************** |  |  |
| Appeal from Municipal or Jus   |  | ngawa                                       |  | dgment Remed                            | ¥  |  |
| ☐ Arbitration-related<br>☐ Attachment  | □ Gamishment<br>□ Interpleader                                   |   | ☐ Protective Order<br>☐ Receiver                         |   |  |  |
| Bill of Review   |  |   | ☐ Sequestration  |   |  |  |
| Cemiorari<br>Class Action  | □Mandamus<br>□Post-judgment                                      |   | ☐ Temporary Restraining Order/Injunction<br>☐ Turnover   |   |  |  |
| 4. Indicate damages sought (do not select if it is a family law case):   |  |   |  |   |  |  |
| Less than \$100,000, including damages of any kind, penalties, costs, expenses, pre-judgment interest, and attorney fees Less than \$100,000 and non-monetary relief |  |   |  |   |  |  |
| Over \$100, 600 but not more t   | han \$200,000  |   |  |   |  |  |
| Over \$200,000 but not more than \$1,000,000   |  |   |  |   |  |  |
| X]Over \$1,000,000   |  |   | ***************************************                  | ^^^^                                    |  |  |



I, Marilyn Burgess, District Clerk of Harris County, Texas certify that this is a true and correct copy of the original record filed and or recorded in my office, electronically or hard copy, as it appears on this date.

Witness my official hand and seal of office this June 26, 2020

Certified Document Number: 91058374 Total Pages: 1

Marilyn Burgess, DISTRICT CLERK

HARRIS COUNTY, TEXAS

6/25/2020 11:55 AM Marilyn Burgess - District Clerk Harris County Envelope No. 44034235

By: Adiliani Solis Filed: 6/25/2020 11:55 AM



Certified Document Number: 91078264 - Page 1 of 1

201 Caroline | P.O. Box 4651 | Houston, Texas 77210-4651 | 832-927-5800 | www.hcdistrictclerk.com

| CASE NUMBER:   | Request for Issuance of Service CURRENT COURT:  | 165th Judicial District Court  |  |  |  |  |
|--|---|--------------------------------|--|--|--|--|
|  | Original Petition   |                                |  |  |  |  |
| FILE DATE: 06/24/2020<br>SERVICE TO BE ISSUED ON (Plea   | Month/Day/Year<br>se List Exactly As The Name Ap  | opears In The Pleading To Be   |  |  |  |  |
| Served):   |   |                                |  |  |  |  |
| Issue Service to: Watson Grinding and M  | anufacturing Co.  |                                |  |  |  |  |
| Address of Service: 4525 Gessner Road  |   |                                |  |  |  |  |
| City, State & Zip: Houston, Texas 77041  |   |                                |  |  |  |  |
| Agent (if applicable) John M. Watson   |   |                                |  |  |  |  |
| TYPE OF SERVICE/PROCESS TO BE ISSUED: (Check the proper Box)   |   |                                |  |  |  |  |
| <b>◯</b> Citation <b>◯</b> Citation by Posti   | ng Citation by Publicati  | on Citations Rule 106 Service  |  |  |  |  |
| ☐ Citation Scire Facias Newspap  | oer   |                                |  |  |  |  |
| ☐ Temporary Restraining Order  | Precept   | ☐ Notice                       |  |  |  |  |
| ☐ Protective Order   |   |                                |  |  |  |  |
| Secretary of State Citation (\$12.0  | O) Capias (not by E-Issuance)   | Attachment (not by E-Issuance) |  |  |  |  |
| ☐ Certiorari   | ☐ Highway Commission (  | <b>\$12.00</b> )               |  |  |  |  |
| ☐ Commissioner of Insurance (\$12.6  | 00) Hague Convention (\$16  | .00) Garnishment               |  |  |  |  |
| Habeas Corpus (not by E-Issuance)  | ☐ Injunction  | Sequestration                  |  |  |  |  |
| ☐ Subpoena   |   |                                |  |  |  |  |
| Other (Please Describe)  |   |                                |  |  |  |  |
| (See additional Forms for Post Judgm   | nent Service)   |                                |  |  |  |  |
| SERVICE BY (check one):  ATTORNEY PICK-UP (phone)  MAIL to attorney at:  CONSTABLE  CERTIFIED MAIL by District C | X E-Issuance by District Clerk (No Service Copy Fees Charged)  Note: The email registered with EfileTexas.gov must be |                                |  |  |  |  |
| ☐ CIVIL PROCESS SERVER - Au ☐ OTHER, explain   | -   | Phone:                         |  |  |  |  |
| Issuance of Service Requested By: At   | torney/Party Name: <u>Jeffrey R. Cag</u>  | leBar # or ID24003676          |  |  |  |  |
| Mailing Address: 105 Decker Court, Suite 1   | 50, Irving, Texas 75062   |                                |  |  |  |  |
| Phone Number: (972) 650-8048   |   |                                |  |  |  |  |



I, Marilyn Burgess, District Clerk of Harris County, Texas certify that this is a true and correct copy of the original record filed and or recorded in my office, electronically or hard copy, as it appears on this date.

Witness my official hand and seal of office this June 26, 2020

Certified Document Number: 91078264 Total Pages: 1

Marilyn Burgess, DISTRICT CLERK

HARRIS COUNTY, TEXAS

6/25/2020 11:55 AM Marilyn Burgess - District Clerk Harris County

Envelope No. 44034235 By: Adiliani Solis Filed: 6/25/2020 11:55 AM



201 Caroline | P.O. Box 4651 | Houston, Texas 77210-4651 | 832-927-5800 | www.hcdistrictclerk.com

| CASE NUMBER: 202037778  | Request for Issuance of Service CURRENT COURT:   | 165th Judicial District Court  |  |  |  |  |
|---|--|--------------------------------|--|--|--|--|
|   | Original Petition  |                                |  |  |  |  |
| FILE DATE: 06/24/2020<br>SERVICE TO BE ISSUED ON (Pleas   | Month/Day/Year<br>se List Exactly As The Name Ap                                       | opears In The Pleading To Be   |  |  |  |  |
| Served):  |  |                                |  |  |  |  |
| Issue Service to: Watson Valve Services,  | Inc.   |                                |  |  |  |  |
| Address of Service: 4525 Gessner Road   |  |                                |  |  |  |  |
| City, State & Zip: Houston, Texas 77041   |  |                                |  |  |  |  |
| Agent (if applicable)John M. Watson   |  |                                |  |  |  |  |
| TYPE OF SERVICE/PROCESS TO BE ISSUED: (Check the proper Box)  |  |                                |  |  |  |  |
| <b>☒</b> Citation ☐ Citation by Posting   | ng Citation by Publicati   | on Citations Rule 106 Service  |  |  |  |  |
| ☐ Citation Scire Facias Newspap   | er   |                                |  |  |  |  |
| ☐ Temporary Restraining Order   | Precept  | ☐ Notice                       |  |  |  |  |
| ☐ Protective Order  |  |                                |  |  |  |  |
| ☐ Secretary of State Citation (\$12.0   | 0) Capias (not by E-Issuance)  | Attachment (not by E-Issuance) |  |  |  |  |
| Certiorari  | ☐ Highway Commission (S  | <b>\$12.00</b> )               |  |  |  |  |
| ☐ Commissioner of Insurance (\$12.0   | 0) Hague Convention (\$16  | .00) Garnishment               |  |  |  |  |
| Habeas Corpus (not by E-Issuance)   | ☐ Injunction   | □ Sequestration                |  |  |  |  |
| ☐ Subpoena  |  |                                |  |  |  |  |
| Other (Please Describe)   |  |                                |  |  |  |  |
| (See additional Forms for Post Judgn  | nent Service)  |                                |  |  |  |  |
| SERVICE BY (check one):  ATTORNEY PICK-UP (phone)  MAIL to attorney at:  CONSTABLE  CERTIFIED MAIL by District Cl | (No Service Copy Fees Charged)  Note: The email registered with EfileTexas.gov must be |                                |  |  |  |  |
| ☐ CIVIL PROCESS SERVER - Au ☐ OTHER, explain  | -  | Phone:                         |  |  |  |  |
| Issuance of Service Requested By: At  | torney/Party Name: <u>Jeffrey R. Cagle</u>   | e Bar # or ID <u>24003676</u>  |  |  |  |  |
| Mailing Address: 105 Decker Court, Suite 1  | 50, Irving, Texas 75062  |                                |  |  |  |  |
| Phone Number: (972) 650-8048  |  |                                |  |  |  |  |

Certified Document Number: 91078265 - Page 1 of 1



I, Marilyn Burgess, District Clerk of Harris County, Texas certify that this is a true and correct copy of the original record filed and or recorded in my office, electronically or hard copy, as it appears on this date.

Witness my official hand and seal of office this June 26, 2020

Certified Document Number: 91078265 Total Pages: 1

Marilyn Burgess, DISTRICT CLERK

HARRIS COUNTY, TEXAS

In accordance with Texas Government Code 406.013 electronically transmitted authenticated documents are valid. If there is a question regarding the validity of this document and or seal please e-mail support@hcdistrictclerk.com